

SELECTING AN INDEPENDENT NON-EXECUTIVE DIRECTOR: QUESTIONS FOR THE BOARD

There is no single correct way for selecting an independent non-executive director. Every situation will be quite different.

A few considerations to keep in mind:

- Some companies will have very specific requirements that they are seeking from the additional director and others will not. It is important in the briefing process to distinguish between what qualities are essential and what are desirable. There may be outstanding candidates available who represent a good fit in terms of background but who do not possess other essential skills or characteristics.
- It is important to have a clear understanding of the decision-making process for the selection of the director before the assignment commences. Will the Chairman, the Nominating Committee, the CEO or someone else take the decision? This is particularly important when recruiting for a Chairman's position. One of the roles of a director is to monitor the performance of the CEO. Accordingly it may be unwise to involve the CEO in the selection process.
- The client needs to advise whether or not they expect the consultant to interview and/or cull the list of potential directors without referral to them. They should also have an indication as to how many candidates they are proposing to interview and who will be doing the interviews.
- The potential non-executive director may be a candidate but is not an applicant. Any meetings conducted between candidates and clients need to reflect the different basis of the relationship as compared to a prospective employee relationship.
- The structure of the meetings should be less formal than an interview for an executive position might be. It is rarely necessary to have a rigid set of questions but at the same time it is important that both sides achieve what they are seeking from the interview. The company should disclose to the candidate as much as possible about the workings of the Board and the issues facing the organization.
- Likewise it is important to extract from the candidate details about their experience, background and style. It is also important to understand just what the candidates are currently seeking from their working life and whether there is a good fit between them and the organization.
- Always remember that as the process of mutual due diligence progresses, candidates will withdraw from the process in the same way that organisations will reduce the number of candidates in whom they have an interest.